

Members:

Rep. Charlie Brown, Chairperson
Rep. Susan Crosby
Rep. Craig Fry
Rep. Vaneta Becker
Rep. Karen Burkhardt
Rep. Phyllis Pond
Sen. Marvin Riegsecker
Sen. Beverly Gard
Sen. Robert Jackman
Sen. Glenn Howard
Sen. Vi Simpson
Sen. Cleo Washington



INTERIM STUDY COMMITTEE ON HEALTH ISSUES

Legislative Services Agency

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Authority: Legislative Council Resolution 2-1998

MEETING MINUTES

Meeting Date:	July 8, 1998
Meeting Time:	10:00 A.M.
Meeting Place:	State House, 200 W. Washington St., Room 233
Meeting City:	Indianapolis, Indiana
Meeting Number:	2

Members Present: Rep. Charlie Brown, Chairperson; Rep. Susan Crosby; Rep. Vaneta Becker; Rep. Karen Burkhardt; Rep. Phyllis Pond; Sen. Marvin Riegsecker; Sen. Beverly Gard; Sen. Robert Jackman; Sen. Glenn Howard.

Members Absent: Rep. Craig Fry; Sen. Vi Simpson; Sen. Cleo Washington.

Representative Brown called the meeting to order at 10:15 A.M. Staff provided to Committee members two handouts regarding the state employee health benefits topic.¹ Rep. Brown asked Rep. Dale Grubb to introduce the state employee health benefits topic.

State Employee Health Benefits

Representative Grubb distributed copies of his testimony and of an article regarding HMO complaints.² He expressed his concerns and thoughts about past and current state employee health benefits.

Rep. Becker commented that this is a topic which should be reviewed in depth, particularly laboratory coverage. She mentioned that some providers prefer not to send

¹ Copies of the two handouts distributed to Committee members are on file in the Legislative Information Center, 200 W. Washington St., Suite 301, Indianapolis, Indiana 46204. The telephone number of the Legislative Information Center is (317) 232-9856.

² A copy of materials distributed by Representative Grubb to Committee members is on file in the Legislative Information Center (see footnote 1).

certain diagnostic tests to the labs within the network. Rep. Grubb stated that he personally has labs drawn when he comes to Indianapolis due to difficulties in obtaining results and inappropriate billing when he has labs drawn closer to his home. Sen. Jackman stated that he has had the same experience with laboratory services near his home.

Keith Beesley, Attorney, State Personnel Department, gave testimony and provided a handout regarding the history of state employee health and welfare insurance coverage from 1978 to present.³ Rep. Brown expressed concern about the previously voiced problems with laboratory service and providers preferring other labs to the network labs. Mr. Beesley responded that employees may use out of network labs, but there would be a different out of pocket payment required. Sen. Gard asked whether benefits for nonunion and union employees are the same. Mr. Beesley responded that the AFSCME benefits are exactly the same as for nonunion employees, but the Unity plan is different in that out of pocket charges are determined based on employee salary. Sen. Gard asked why some state plans allow an individual to go to a physician who is within the network, but do not allow the individual to go to the hospital at which the physician has privileges. Mr. Beesley responded that HMO plans limit provider availability and traditional plans provide a certain payment for in network services and a lesser payment for out of network services (usually 20% less).

D. Sue Roberson, State Personnel Director, State Personnel Department, addressed two of the previously asked questions. First, with respect to the situation that Sen. Gard described, Ms. Roberson explained that physicians contract to be in multiple networks, but the hospitals at which the physicians have privileges may not contract to be in the same networks. She stated that network physicians know which network their patients are in and should refer patients to in-network hospitals. She said that this is an issue that the Personnel Department is working on with the HMO's. Second, Ms. Roberson acknowledged that there have been difficulties with the laboratory provider network from the beginning. She explained that the Personnel Department has been working with the network through monthly meetings to try to sort through the problems. She stated that United Standards, the current lab network, was the only network that could comply with the provisions of the request for proposals, so United Standards obtained the contract. She expressed hope that a health care redesign committee will help to improve services in the future.

In response to questions from Rep. Brown, Ms. Roberson explained that: (1) if a person has labs drawn and processed within the network, there should be no out of pocket expense; (2) bridging the gap between network labs and providers that refuse to send tests to the network labs is hoped to be accomplished through the monthly meetings; (3) there may be reasons, other than lab credibility, that providers do not want to use the lab network, including the fact that the providers have labs within their own facilities and would prefer to provide in-office lab services. Ms. Roberson explained that United Standards does not contract with physicians' offices, but does contract with hospitals for lab services in rural areas.

In response to questions from Rep. Becker, Rep. Crosby, Sen. Jackman and Sen. Gard, Ms. Roberson explained that: (1) lab services are carved out of the New

³ A copy of the handout provided by Mr. Beesley to Committee members is on file in the Legislative Information Center (see footnote 1).

Traditional and Unity plans and are included in HMO coverage; (2) coverage for treatments which are considered "experimental" by the industry, such as bone density screening and clinical trials, are typically not covered; (3) mental health services are carved out of the New Traditional and Unity plans; (4) United Standards was chosen as the lab network because it was the network that had providers all over the state, one of the criteria in the request for proposals.

Rick Cockrum, Director of Government Relations, Anthem, Inc., explained that Anthem is the state's administrator for the PPO plan, but does not have the lab contract. Mr. Cockrum pointed out that quality, access and cost are important in provision of lab services.

Mr. Cockrum introduced Mike Houk, Vice President of Sales, Anthem, Inc. Mr. Houk provided a handout on the history of Anthem's contract with the state.⁴ Mr. Houk explained that, since 1983, Anthem has administered the state's self funded health benefits plan. He described the services provided by Anthem to the state as: administration of the program; negotiation for availability, price and quality of the network; quality and utilization management; actuarial and financial analysis of the program; employee education throughout the state; and vendor management services. Mr. Houk pointed out that Anthem does not insure or design the plan. He stated that there is an increasing number of state employees enrolled in HMOs. Mr. Houk stressed that health care is undergoing cultural changes to which it takes time to become accustomed, i.e., the limitation of utilizing a network of providers.

Mr. Cockrum introduced Dijuana Lewis, Executive Director of Health Plan Management. Ms. Lewis explained that Anthem requires that participating hospitals do the following: (1) participate in Anthem's quality program; (2) not balance bill; (3) make in-network referrals; (4) maintain sufficient liability insurance; (5) have continuation of care provisions; and (6) participate in intensive credentialing and clinical initiatives such as disease management programs and preventive initiatives. Ms. Lewis stated that there are 15,564 providers in Indiana and 132 hospitals in Indiana that are part of the Anthem network. Rep. Becker commented on the low number of in-network female physicians in her area. Ms. Lewis stated that there is a shortage of female physicians throughout the state, but that Anthem will include in the network all physicians who meet Anthem criteria. Rep. Pond asked whether Parkview Hospital was a network hospital. Ms. Lewis responded that Parkview did not meet the contract provisions and so was not included in the network. Mr. Houk explained that Indiana's any willing provider statute requires that any provider willing to meet network criteria be included in the network. Sen. Reigsecker commented on the economic benefits of larger networks. Rep. Grubb shared a personal story of his wife's difficulty in obtaining care and medications within provider networks.

Greg Schenkel, Indiana Association of HMOs, provided a handout showing self-reported numbers of HMO members in all of the counties in Indiana.⁵ He commented on the fact that 70-75% of state employees choose HMO coverage and acknowledged

⁴ A copy of the handout provided by Mr. Houk to Committee members is on file in the Legislative Information Center (see footnote 1).

⁵ A copy of the handout provided by Mr. Schenkel to Committee members is on file in the Legislative Information Center (see footnote 1).

that, due to provider availability, it is more difficult to be a member of an HMO in a rural area.

Charlie Hiltunen, Indiana Dermatological Society, discussed two problems with lab services from a dermatologist's standpoint. First, there are no qualified dermatology pathologists in some laboratories, even those with CLIA (Clinical Laboratory Improvement Amendments) certification. Second, the failure to recognize the training of dermatologists who are capable of performing some testing in their offices, but are not able to do so due to network requirements, potentially causes some treatment delays. Mr. Hiltunen clarified that this is a global issue, not just a state employee benefits issue.

Rep. Grubb closed the discussion by stating that it is clear that there is a problem with the lab network. He stated that his hope is that when negotiations occur for the next contract in the year 2000, the board negotiating the contract will consider the input of state employees who use the health benefits.

Narcotic Treatment Programs

Rep. Brown introduced the topic of narcotic treatment programs and requested testimony. Staff distributed two handouts concerning proposed legislation from the 1998 legislative session.⁶

Bill Soards, representing Program Management Consultants which owns several methadone clinics in Indiana, provided copies of two handouts regarding methadone clinics and proposed legislation.⁷ Mr. Soards stated that the industry is attempting to be proactive in promoting legislation to prevent some of the difficulties that other states have encountered by having too little state supervision of these clinics.

Rep. Brown asked what prevents the state from policing the currently operating methadone clinics. Mr. Soards explained that his understanding is that in 1997 the Division of Mental Health made the decision to stop surveying these sites, which the division had previously done. Rep. Burkhardt asked where the sites are currently located. Representatives from the Division of Mental Health stated that they would provide that information in later testimony.

Duane O'Neal, representing Eastside Community Organization, explained that zoning previously allowed a methadone clinic to be in the same location as a health care clinic. He stated that the Board of Zoning Appeals later determined that the two types of clinics are not the same and that different zoning requirements should apply to each. Mr. O'Neal explained that the concerns about location of methadone clinics are not about what occurs inside the clinic, but what occurs outside the clinic. Some of these concerns are: use of narcotics in addition to methadone; illegal drugs and sales; and crime drawn from outside the clinic area. Questions that Mr. O'Neal said should be asked when determining whether a methadone clinic should be located in a particular area are: (1) is there a need in that area?; and (2) is the area properly zoned?. Mr.

⁶A copy of the two handouts distributed to Committee members is on file in the Legislative Information Center (see footnote 1).

⁷ A copy of materials provided by Mr. Soards to Committee members is on file in the Legislative Information Center (see footnote 1).

O'Neal expressed the opinion that the requirement that zoning determinations be made pinpointing where methadone clinics can be located (as has been done in Indianapolis) would be beneficial on a statewide basis.

Irene Conder, Indianapolis Police Department, Narcotics Division, stated that illegal sales and use of prescription drugs are concerns related to methadone clinics. She stated that all regulation and enforcement stops at the door of methadone clinics. She explained that the anonymity provisions built into methadone treatment programs also hinder law enforcement personnel in their efforts to keep the surrounding community safe. Ms. Conder pointed out that many methadone clinic clients utilize the methadone not to help them stop using drugs, but to control the amount of illegal drugs that they need to sustain their habit. She stated that a very small group actually uses the clinics to get off drugs. Ms. Conder stated that clinics are not required to be good neighbors and that Indiana needs an enforceable law requiring that they be good neighbors.

Dan Crowe, Indiana Counselors Association on Alcohol and Drugs, discussed the importance of accreditation and standards. Mr. Crowe stated that he believes that improved state supervision of methadone clinics is needed.

Norma Bradway, Office of Contract Management, Division of Mental Health, presented a handout on locations and numbers of methadone clinics in Indiana.⁸ She answered questions of the committee. Rep. Crosby asked where the clinics were located and why there are no longer any site visits. Ms. Bradway stated that addiction clinics (methadone clinics and other narcotic treatment clinics) must be certified by the Division. She explained that there are federal rules and regulations which provide the authority to inspect and that this authority can be ceded to the states or shared with the states.

Rep. Brown asked how a determination is made about the number of clinics in a certain area. Ms. Bradway stated that there are no criteria for that determination. Rep. Brown asked what criteria are used to certify or allow another clinic in a certain area. Ms. Bradway stated that addiction treatment programs have requirements for certification and the FDA applies its own rules and regulations. Rep. Brown asked if public input was considered in the accreditation process. Ms. Bradway stated that there is no hearing requirement.

Alex-Michael Hoehne, Office of Contract Management, Division of Mental Health, provided some clarification of the handout that Ms. Bradway had distributed. He stated that there is one additional clinic pending on the East side of Indianapolis.

Rep. Brown adjourned the meeting at 12:15 P.M.

⁸ A copy of the handout provided by Ms. Bradway to Committee members is on file in the Legislative Information Center (see footnote 1).